

STAT

ROUTING AND RECORD SHEET

"DBA"
Record

SUBJECT: (Optional)

Agency Position Average Grade and Deferred Allocations

FROM: Robert W. Magee
Director of Personnel

EXTENSION

NO.

DATE

APR 11 1985

TO: (Officer designation, room number, and building)

12 APR 1985

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Director of
Legislative Liaison
7D43 Hqs

12 APR 1985

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FORM
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ADMINISTRATIVE - INTERNAL USE ONLY

GPO : 1980 : 431-632

APR 11 1985

MEMORANDUM FOR: Deputy Director for Administration
Deputy Director for Operations
Deputy Director for Intelligence
Deputy Director for Science and Technology
Chairman, National Intelligence Council
Comptroller
General Counsel
Inspector General
Director of Legislative Liaison
Director of Public Affairs

FROM: Robert W. Magee
Director of Personnel

SUBJECT: Agency Position Average Grade and Deferred Allocations

REFERENCE: Memo to DDA fm D/OP, dtd 22 Feb 85,
Subject: Agency Position Average Grade

1. During the period FY 1982 through FY 1985, the Agency has been successful in obtaining an increase in its position average grade from 10.65 to its current 10.90. These increases have been justified by the rapid growth in both numbers and responsibilities the Agency has experienced during the past several years, and have been well documented through the position management program conducted by the Position Management and Compensation Division (PMCD) of the Office of Personnel. During the same period, however, the Agency has also incurred a deficit of approximately 1000 grade points projected to the end of FY 1985. This deficit represents a requirement for an additional increase in the Agency average grade of approximately .07 to 10.97.

2. The current average grade deficit has resulted from a combination of factors. First, PMCD has made use of the deferred allocation to reflect position classification actions which cannot be implemented within existing average grade levels. The deferred allocation was established to avoid the perception that position classification decisions were being made on the basis of average grade quotas, and it has been effective in maintaining a separation between the individual position classification action and overall Agency average grade controls. Second, there has not been a clear relationship between the position requirements established through the budget process and the management of actual position resources within individual organizations. As a result, component budget submissions to the Comptroller have generally not reflected a realistic projection of position grade requirements from which the Comptroller can develop accurate submissions through the program and budget process.

SUBJECT: Agency Position Average and Deferred Allocations

3. Our current authorized average grade of 10.90 has a built-in deficit represented by the deferred allocations which are carried throughout the Agency. Although some components have been effective in the management of their position resources and currently have few or no deferred allocations, the Agency as a whole is in a very tenuous situation. The positions we are carrying as deferred allocations build expectations on the part of our employees for continued promotion headroom that in the current political climate is unrealistic. We have a budgeted increase in our average grade to 10.96 planned for FY 1986 which we are hopeful will not be challenged by the Office of Management and Budget (OMB). However, as our growth rate slows with the budget restrictions the federal government is facing, there is little likelihood that we can support further increases. Therefore, we must take actions now which will minimize any possible future impact of budget decisions affecting average grade.

4. By the referent memorandum, the Deputy Director for Administration has approved several actions which we believe will provide the Agency with a relatively painless way to meet the challenges of the budgetary constraints that we will be faced with over the next several years. These actions are as follows:

a. Future grade points obtained through the budget process will be allocated by PMCD based on requests projected and approved through the formal budget process. As is currently the case, all position grade level requests would still be subject to PMCD validation through the position classification process.

b. Grade points will no longer be allocated to ad hoc position evaluations. PMCD will continue to respond to management requests for ad hoc evaluations. However, these evaluations will be treated as an unfunded requirement so that if an upgrade is involved, management must identify an offsetting position downgrade for a position which has eroded in responsibility or which appropriately can be restructured to a lower level. Deferred allocations generally will not be used for future ad hoc requests. Exceptions to this process may be requested from the Director of Personnel if there is an extraordinary management consideration, e.g., an individual who cannot be promoted unless his position is upgraded.

c. Major reorganizations will continue to be implemented by PMCD. However, all reorganizations implemented outside the formal position management survey process must be implemented within component average grade. Deferred allocations will not be used for these types of reorganizations.

d. A formal education program will be undertaken by the Office of Personnel and the Comptroller to establish the relationship between the budget process and the position management and classification process. Your Senior Personnel Officer will be included in the education program to facilitate this process.

SUBJECT: Agency Position Average Grade and Deferred Allocations

e. Deferred allocations will continue to be used by PMCD to reflect grade point deficiencies resulting from position management survey decisions or new budgeted position requests. A time limit of three years will be established for all deferred allocations during which management must develop plans to make good on the deferred allocation either through the budget process or through internal realignments. If you have deferred allocations on your current staffing complement, the three-year time limit will be measured from the date of this memorandum.

5. The new policies outlined above are effective the date of this memorandum. If you have any questions regarding these policies, please call [redacted], Chief, Position Management and Compensation Division, on

[redacted]
Robert W. Magee

Attachment

OP/PA&E/PMCD/C&C [redacted] (4 Apr 85)

Original - DDA (w/att)
1 - Each other addressee (w/att)
1 - D/OP (w/att)
1 - DD/PA&E (w/att)
2 - PMCD (w/att)

D/Pers 85-1664

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DD/A Registry
85-0845

MEMORANDUM FOR: Deputy Director for Administration

VIA: Comptroller

FROM: Robert W. Magee
Director of Personnel

SUBJECT: Agency Position Average Grade

1. Action Requested: As a follow up to our briefing for you on 11 February 1985 on the same subject, it is requested that you approve the recommendations in paragraph 3 to impose new budgetary controls over Agency position average grade.

2. Background: When the Agency implemented the current position management survey program in 1978-79, the deferred allocation was established to assure that position classification decisions could be reflected on component staffing complements independent of any external constraint on Agency position average grade. Thus, if the Position Management and Compensation Division (PMCD) found that a GS-13 position warranted an upgrade to the GS-14 level, but there were grade point restrictions (e.g., average grade constraints) which prevented implementation, the position could remain on the staffing complement as a GS-13 with a footnote "D1" indicating that the position was properly classified at the GS-14 level. Although the deferred allocation has no direct impact on Agency average grade or promotion headroom, it does represent an "IOU" from PMCD for a grade point when it comes available.

While the concept of the deferred allocation was brilliant in terms of building acceptance of the survey program and maintaining the integrity of the position classification system, it has a serious down side. Because the deferred allocation in effect releases all constraints from the manager to manage his position resources within an established average grade ceiling, there is no incentive to effectively structure positions to assure maximum efficiency. On the contrary, there is a greater incentive to use the position classification system to maximize promotion headroom for personnel to meet perceived needs for increased pay. Unfortunately, this trend is leading the Agency to a crisis in terms of our average grade constraints not unlike that of the Federal Government and its budget deficit. Over the past three years, our Agency average grade has been increased by the Office of Management and Budget (OMB) from 10.65 percent to 10.90 currently. During the same period our average grade deficit, expressed as grade points, has grown from approximately 600 in FY 82 to 1684 as of 30 November 1984. Projections from PMCD show this number remaining at around 1000 by the end of FY 85, even with the large increase in average grade for FY 85.

ADMINISTRATIVE - INTERNAL USE ONLY

SUBJECT: Agency Position Average Grade

To eliminate all deferred allocations projected through FY 85 would require an increase in Agency average grade to 10.97. In the FY 86 budget we have requested an increase to 10.95; however, this increase is intended to implement new positions coming to the Agency through the budget process. The Comptroller sees little or no hope that OMB would agree to an additional increase in Agency average grade sufficient to eliminate current deferred allocations. We must keep in mind that the rest of the Federal Government is undergoing a GS-11/15 reduction exercise, and, although OMB has backed off from enforcement of the reductions, it is likely that pressure for average grade reductions will continue. Our current exemption from the GS-11/15 reduction is based on our growth and our commitment to maintaining an internal control system. Yet since 1980, our ratio of GS-11/15 to total population (one of the Office of Personnel Management GS-11/15 measures) has increased from .550 in March 1981 to .586 in September 1984. And this increase does not reflect implementation of deferred allocations.

The upshot of our current situation is that our current deferred allocations are establishing an unrealistic expectation of future average grade growth that, if allowed to continue unabated, may serve to seriously undermine the morale of Agency employees and subject the Agency to external constraints that we neither need nor want. If we begin to deal with the situation now, we can regain management control relatively painlessly. Our current personnel average grade is 10.41, and has remained relatively static since FY 81. Thus, with a position average grade of 10.90, we currently do not have a headroom problem in the Agency, even without implementation of the deferred allocations.

3. Recommendations: To begin to regain control of the Agency average grade growth rate, it is recommended that you approve the following actions:

- a. That future grade points obtained through the budget process be allocated based on requests projected and approved through the formal budget process. As is currently the case, all position requests contained in the budget would continue to be subject to PMCD validation.
- b. That no grade points be allocated to ad hoc position evaluations. Although we recognize the legitimate need for management to respond to changing needs, these requests are essentially unfunded requirements. Therefore, requests which involve upgrades must be offset by downgrades of other positions in the organization which have eroded or been reduced in importance. Deferred allocations may not be used for ad hoc requests.
- c. That major reorganizations be implemented within existing component average grade. PMCD will be able to respond to management need for revised staffing complements in a more timely manner if detailed evaluations are not required of positions for which upgrades have been requested.

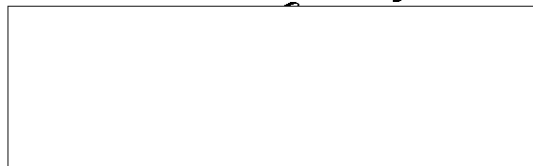
SUBJECT: Agency Position Average Grade

d. That a formal education program be undertaken for personnel officers, administrative officers and managers to establish the link between the budget process and the position management and classification process.

e. That deferred allocations be used only to reflect grade point deficiencies resulting from PMCD position management survey decisions or new budgeted position requests, and that a time limit of three years be established for all deferred allocations during which management must develop plans to make good on the deferred requests either through the budget process or through internal realignments.

4. With your approval of the above actions, we will draft the necessary regulatory changes and introduce them into the coordination process.

STAT



Robert W. Magee

CONCUR:

STAT



Comptroller

3/1/85
Date

APPROVED:

STAT



Deputy Director for Administration

3/11/85
Date